



## FTB Publication 3528

# New Home Credit



### INTERNET ASSISTANCE

[ftb.ca.gov](http://ftb.ca.gov)

Our website provides the information you need to complete your tax return.

- View your payments, balance due, wage and withholding information, and FTB-issued Forms 1099 on MyFTB Account.
- Pay your personal income taxes online using Web Pay. You choose the payment date, up to one year in advance.
- Download tax forms and publications.
- e-file your personal income tax return using CalFile.
- Check the status of your refund.
- Apply to make monthly tax payments using Installment Agreement Request.
- Access FTB legal notices, rulings, and regulations.
- Review FTB's analysis of pending legislation.
- Sign up to receive emails on a variety of tax topics through our Subscription Services.
- View internal procedure manuals to learn how we administer the law.

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## What's New

For taxpayers who purchased a qualified principal residence on or after March 1, 2009, and before March 1, 2010, a new credit against the net tax was allowed in an amount equal to the lesser of 5% (.05) of the purchase price of the qualified principal residence or ten thousand dollars (\$10,000). California only allowed \$100 million to be allocated to buyers. The full \$100 million has been allocated.

The credit was only allowable for buyers who received a Certificate of Allocation from the Franchise Tax Board (FTB). Buyers who did not receive a Certificate of Allocation did not qualify.

## General Information

California allowed a credit against net tax equal to the **lesser** of 5% (.05) of the purchase price of the qualified principal residence or ten thousand dollars (\$10,000).

The credit:

- Is for the purchase of only one qualified principal residence with respect to any taxpayer.
- Shall be claimed only on a timely filed original tax return, including returns filed on extension.
- Will be applied in equal amounts over the three successive taxable years beginning with the taxable year in which the purchase of the qualified principal residence is made (maximum of \$3,333 per year).

The credit was **not** allocated if:

- The seller did not certify that the residence had never been occupied.
- The buyer did not intend to reside in the property as his or her principal residence for at least two years immediately following the purchase.
- The form FTB 3528-A, Application for New Home Credit, was not received within one week **after** the close of escrow.

The FTB may request documentation to ensure the parties have complied with the requirements of the credit under Revenue and Taxation Code (R&TC) Section 17059.

**Registered Domestic Partner** – For purposes of California income tax, references to a spouse/RDP, husband, or wife also refer to a California Registered Domestic Partner (RDP), unless otherwise specified.

**Round Cents to Dollars** – Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.

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## Requirements of the Credit

- The home must be a “qualified principal residence.” The home must:
  - Be a single-family residence, whether detached or attached.
  - Never have been occupied.
  - Be occupied by the buyer as their principal residence for a minimum of two years immediately following the purchase.
  - Be eligible for the property tax homeowner’s exemption.
- The total credit reported by all of the owners over three successive years must not exceed \$10,000. (Multiple qualified buyers that occupy the home were allocated credit based on the amount paid and their percentage of ownership.)
- Any credit that reduced tax on a tax return must be repaid if the buyer does not occupy the home for at least two years immediately following the purchase date.
- The FTB may request documentation to ensure buyers have complied with the requirements of the credit.

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## Credit Allocation Process

The FTB accepted form FTB 3528-A, Application for New Home Credit, by fax only from March 1, 2009 through July 2, 2009. The applications were processed on a first-come, first-served basis. Form FTB 3528-A is no longer available and the FTB is no longer accepting applications. California only allowed \$100 million to be allocated to buyers. The **full** \$100 million has been allocated.

### Questions

- **Accepted credit application:** Contact Withholding Services and Compliance at:  
**888.792.4900** (press 5)  
**916.845.4900**  
Email: [wscs.gen@ftb.ca.gov](mailto:wscs.gen@ftb.ca.gov)

This is not a secure email address. Please do not send confidential information.

- **General Information:** See page 3, General Phone Service.

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## Claiming the Credit

- You must have received a Certificate of Allocation from the FTB to claim the credit. The buyer must claim the credit on an original timely filed tax return, including returns filed on an extension.
- The credit is claimed over three years. The amount you may claim for each year is shown on your Certificate of Allocation.
- Report the credit on Form 540, California Resident Income Tax Return, or Form 540NR (Long), California Nonresident or Part-Year Resident Income Tax Return. Follow the instructions for Form 540 or Form 540NR, “Additional Special Credits” and use credit code number 219.
- Special rules apply to married/RDP taxpayers filing separately, in which case each spouse/RDP is entitled to one-half of the credit, even if their ownership percentages are not equal.

- If you are married/RDP filing a joint return, and each of you received a separate Certificate of Allocation for the property you are now living in, combine the amounts from both certificates.
- For two or more taxpayers who are not married/RDP, the credit amount will have already been allocated to each taxpayer occupying the residence on their respective credit allocation letter.
- If the available credit exceeds the current year net tax, the unused credit cannot be refunded or carried over to the following year.

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## Limitations

The credit cannot reduce regular tax below the tentative minimum tax (TMT). This credit cannot be carried over.  
**This credit is nonrefundable.**

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## Definitions

As defined under R&TC Section 17059(b)(1) a “qualified principal residence” means a single-family residence, whether detached or attached, that has never been occupied and is purchased to be the principal residence of the buyer for a minimum of two years and is eligible for the California property tax homeowner’s exemption under R&TC Section 218.

- **Types of residence:** Any of the following can qualify if it is your principal residence and is subject to property tax, whether real or personal property: a single family residence, a condominium, a unit in a cooperative project, a houseboat, a manufactured home, or a mobile home. Vacation homes, second homes, and rentals do not qualify.
- **Owner-built property:** A home constructed by an owner-taxpayer is not eligible for the New Home Credit because the home has not been “purchased.”

A “qualified buyer” is an individual who purchases a single family residence, whether detached or attached, and intends to live in the qualified principal residence for a minimum of two years.

If you did not move into the home as your principal residence immediately after purchasing the home, you do not qualify. **Do not** claim the credit, even if you have a Certificate of Allocation.

If you (or your spouse/RDP) do not live in the home as your principal residence for two full years after you purchase the home and have previously claimed the credit on one or more tax returns, see Credit Repayment.

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## Credit Repayment

If you do not live in the home as your principal residence for a full two years immediately following the purchase and you have previously used the credit on one or more tax returns to reduce your tax liability, you must repay the tax. File Form 540X, Amended Individual Income Tax Return, for each year the credit reduced your tax.

If you were single when you purchased the home and you move out before the end of two full years, the full amount of credit that reduced your tax must be repaid.

If you were married/RDP when you purchased the home and **both** spouses/RDPs move out before the end of two full years, the full amount of credit that reduced your tax must be repaid.

If you were married/RDP when you purchased the home and only **one** spouse/RDP moves out before the end of two full years, one half of the credit that reduced your tax must be repaid. If the credit was used on a joint return, file an amended joint return and reduce the credit by half. If the credit was used on separate returns, only the spouse/RDP who moved out must file an amended return.

## Additional Information

### How to Get California Tax Information

**By Internet** – You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

**By phone** – To order California tax forms, call 800.338.0505.

**In person** – Many libraries and post offices provide free California tax booklets during the filing season.

Employees at libraries and post offices cannot provide tax information or assistance.

**By mail** – We will send you two copies of each tax form and one copy of each set of instructions. Allow two weeks to receive your order. If you live outside California, allow three weeks to receive your order. Write to:

TAX FORMS REQUEST UNIT  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

### Letters

If you write to us, be sure your letter includes your social security number (SSN) or individual taxpayer identification number (ITIN), and your daytime and evening telephone numbers. Send your letter to:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0040

We will respond to your letter within ten weeks. In some cases, we may need to call you for additional information.

## Volunteer Income Tax Assistance (VITA)

At more than 1,500 sites throughout California, trained volunteers provide free assistance to low-income, senior, disabled, and non-English speaking persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the armed forces.

The locations for VITA will be listed at [ftb.ca.gov](http://ftb.ca.gov) from mid-January 2010, through April 15, 2010, or call the Franchise Tax Board at 800.852.5711 to find the volunteer assistance location nearest you.

## General Phone Service

Telephone assistance is available year-round from 8 a.m. until 5 p.m. Monday through Friday, except holidays. Hours subject to change.

### Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

IRS: 800.829.1040 call the IRS for federal tax questions

### Asistencia bilingüe en español

Asistencia telefónica está disponible todo el año durante las 8 a.m. y las 5 p.m. lunes a viernes, excepto días festivos. Las horas están sujetas a cambios.

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla

IRS: 800.829.4933 llame al IRS para preguntas sobre impuestos federales